

**BEFORE THE
FEDERAL MARITIME COMMISSION**

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FEDERAL MARITIME COMMISSION

PETITION NO. B5-04

**PETITION OF
AMERICAN PRESIDENT LINES, LTD. AND
APL CO. PTE. LTD.
FOR A FULL EXEMPTION FROM THE
FIRST SENTENCE OF SECTION 9(c)
OF THE SHIPPING ACT OF 1984, AS AMENDED**

Pursuant to 46 C.F.R. 502.69 and Section 16 of the Shipping Act of 1984 ("Act"), as amended, American President Lines, Ltd. ("APL Lines") and APL Co. Pte. Ltd. ("APL Co.") petition for a full exemption from the first sentence of Section 9(c) of the Act to permit them to reduce their tariff rates, charges, classifications, rules or regulations effective upon publication. Although APL Lines and APL Co. do not as of the time of this filing meet the statutory definition of controlled carrier, it is anticipated, as discussed below, that they may be considered to be controlled carriers within the meaning of the Act in the very near future. Accordingly, we request that this Petition be expedited to the maximum extent feasible.

1. The Occasion For This Petition

APL Lines operates liner services in the U.S.-foreign trade employing 17 U.S.-flag vessels. Nine of those vessels are operated pursuant to Maritime Security Program Operating Agreements with the U.S. Maritime Administration. All of the vessels are enrolled in the Voluntary Intermodal Security Agreement program of the Department of Defense. APL Lines has operated U.S.-flag vessels for more than 150 years. In 1997 APL Lines was acquired by

Neptune Orient Lines Limited ("NOL"), a Singapore company listed on the Singapore Exchange with its shares held by more than 500 shareholders.

NOL is also the ultimate parent of APL Co., which operates a large fleet of Singapore and other foreign-flag vessels in worldwide liner service. NOL was incorporated in 1968, at which time it was wholly owned by the Government of Singapore through a holding company, Temasek Holdings (Private) Limited ("Temasek"). As a result, NOL was classified as a "controlled carrier" on June 8, 1979. During succeeding years Temasek reduced its holdings in NOL, and as of March 22, 1989, when those holdings were reduced below 50%, the Commission removed NOL from the controlled carrier classification. In 1997, at the time NOL acquired APL Lines, Temasek's ownership interest in NOL approximated 33.5%. At that time, Temasek represented to the United States government – in a September 26, 1997 letter to the Maritime Administration confirming the accuracy of a September 22, 1997 filing with the Committee on Foreign Investment in the United States as related to Temasek – that Temasek held the NOL stock "as a passive minority financial investor."

On August 17, 2004, Temasek, whose holdings in NOL were then slightly below 30%, made a cash offer for the purchase of the remaining shares in NOL through a wholly owned subsidiary, Lentor Investments Pte. Ltd. In the offering papers (which are attached as Exhibit 1 hereto), Temasek represented [§ 10.2] that:

"It is the intention of the Offeror [Temasek] that NOL continues with its existing activities. Accordingly, the Offeror currently has no intentions for any major changes relating to the business of NOL (including any redeployment of fixed assets) nor any changes relating to the continued employment of employees of NOL and its subsidiaries."

According to official reports by Temasek, Temasek's ownership interest in NOL is currently less than 50%. However, based on the shares that were tendered in response to the

August 17, 2004 offer to purchase, Temasek's ownership interest in NOL will exceed 50% in a matter of days, and in result the Commission may classify APL Lines and APL Co. as controlled carriers within the meaning of the Act and subject them to the requirements of Section 9 of the Act. This Petition seeks an exemption from the requirements of Section 9(c), which imposes on controlled carriers a 30-day delay from publication before tariff rates, charges, classifications, rules or regulations that result in a reduction may become effective.

2. The Exemption Should Be Granted

Under Section 16 of the Act, the Commission may grant an exemption from a requirement of the Act, if it finds that the exemption will not result in substantial reduction in competition or be detrimental to commerce. Only last April, the Commission entered these determinations in a context that makes them fully applicable here. These were Docket No. P3-99, *Petition of China Ocean Shipping (Group) Company*, 30 SRR 187 (F.M.C., April 1, 2004); Docket No. P4-03, *Petition of China Shipping Container Lines, Ltd.*, 30 SRR 193 (F.M.C., April 1, 2004); Docket No. P6-03, *Petition of Sinotrans Container Lines Co., Ltd.*, 30 SRR 197 (F.M.C., April 1, 2004).

In those proceedings, the three named petitioners, all carriers subject to the control of the Peoples Republic of China, petitioned for the exemption that APL Lines and APL Co. are seeking here. Grant of the exemption was universally supported by all commentators, including the U.S. Departments of State and Transportation, major associations of shippers as well as individual shippers, and APL Lines and Maersk Sealand.^{1/} The comments identified that the grant of the exemption would advance competition – because in the absence of the exemption the

^{1/} Initial concerns expressed by APL Lines and Maersk Sealand addressed to the availability of reciprocal treatment of U.S. carriers by the PRC were resolved following the adoption of the U.S.-China Bilateral Maritime Agreement.

Chinese carriers would be hobbled in responding to competitive requirements for cargo that moves subject to tariff – and also that the exemption would advance commerce by increasing the options available to shippers. Indeed, one commentator stressed more generally that “[s]imilar exemptions should be granted to all controlled carriers whom the Commission ascertains have similar commercial attributes [to the Chinese carriers] * * *.” Docket No. P6-03, Comments of the American Institute For Shippers’ Associations, Inc., In Support of the Petition, pp. 3-4 (Aug. 20, 2003).

The Commission’s findings favorable to the grant of the requested exemptions are fully consistent with the arguments advanced in the Petitions of the Chinese carriers and in the supporting comments. On the first of the Section 16 criteria – impact on competition – the Commission found, in largely identical terms applicable to all three carriers (30 SRR at 192, 196-97, 200):

“[The Chinese carriers’] arguments regarding carrier competition appear to have merit. [The carriers’] burden as petitioner[s] is to establish that the exemption will not result in a substantial reduction in competition. [The carriers] go[] further, however, and argue[] persuasively that, at least in one regard, the exemption [they] seek[] will actually promote competition; allowing [them] more flexibility to reduce [their] rates effective immediately without reference to competitors’ rates would seem to result in an instantaneous increase in competition among carriers. This position appears to be amply supported by the shippers’ comments on the Petition, which demonstrate that some shippers would like to use [the carriers’] service but do not because of the 30-day delay. Furthermore, [the carriers’] assertions are unopposed by any commenters.”

And as to the second of the Section 16 criteria – detriment to commerce – the Commission found [*id.*]:

“[The carriers’] uncontested argument that the exemption will not be detrimental to commerce also appears to be valid. By allowing [the carriers] to compete more effectively for time-sensitive cargo,

shippers will be given more service options in a more competitive carrier market. Again, this point is well-supported by [the carriers'] customers' statements and is unopposed."

These findings have full application to APL Lines and APL Co. Combined, these two companies in 2003 were ranked as the fourth largest liner operators in the U.S.-foreign commerce, and the third largest in the transPacific trades. In 2003, APL Lines and APL Co. carried cargo for approximately 20,000 shippers, including most of the major exporters and importers shipping from and into the United States. It is universally recognized that APL Lines and APL Co. provide premium service, an ability that they can continue to achieve only if they remain fully competitive in terms of price as well as service.

While the large preponderance of the cargo now carried by APL Lines and APL Co. moves pursuant to service contracts, in 2003 the two companies moved almost 70,000 TEU of cargo for more than 1,000 shippers at tariff rates. The cargoes that move at tariff rates represent important markets for APL, including all westbound cargo from Alaska, commercially important refrigerated cargo moving westbound across the Atlantic, project cargo, cargo moving for shippers whose volumes are too limited to warrant entering into a service contract, and – of direct importance to the United States Government – humanitarian aid cargo and embassy cargo shipped or sponsored by the Government and for which the freight charges are paid or reimbursed by the Government. If APL is unable to reduce its rates for these cargoes on less than 30 days' notice, it will be rendered noncompetitive for such cargoes not only to APL's material detriment but to the Government's as well.

While it now appears that NOL (and in result APL Lines and APL Co.) will shortly be subject to the control of Temasek, an entity owned by the Singapore government, NOL's commercial, free-market orientation will remain unchanged. As identified above, p. 2, in the

legal document issued to shareholders incident to its August 17 offer, Temasek represented that “it has no intentions for any major changes relating to the business of NOL.” The description of Temasek in that document also identifies Temasek’s extensive corporate holdings – in the United States and throughout Asia in addition to Singapore – and establishes the entirely commercial focus of Temasek’s investing aimed at “maximiz[ing] long-term shareholders value.” [Exhibit 1 at Section 8.2 and Appendix 4.] More generally, Singapore operates under a free-market economy. This is best evidenced by the United States-Singapore Free Trade Agreement that was concluded in January 2003, which, as the recitals in the Preface to the Agreement identify, is explicitly grounded in the mutual recognition of the two countries, *inter alia*, that “open and competitive markets are the key drivers of economic efficiency,” of “the importance of ongoing liberalization of trade in goods and services at the multilateral level,” and of the mutual desire “to promote competition.” United States-Singapore Free Trade Agreement, Jan. 15, 2003, ____ U.S.T. ____ (entered into force Jan. 1, 2004). In this context, the statutory concerns underlying the Controlled Carrier legislation – the rate behavior of state-controlled carriers that are not required to earn profits and whose “major motivation is the maximization of hard currency (earnings) rather than the maximization of profits”^{2/} – have neither relevance nor application.

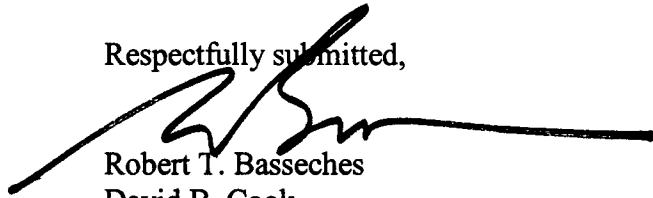
3. The Need for Expedited Action

As explained at the outset, it is possible that the controlled carrier provisions of the Act may be considered applicable to APL Lines and APL Co. within a matter of days. The events giving rise to the possible application of the controlled carrier provisions of the Act to APL Lines and APL Co. were not only wholly unexpected but, importantly, will have no significance to those carriers’ market behavior. Given (i) the large potential adverse impact of the 30-day delay

^{2/} See, e.g., Report No. 95-1260, 95th Cong., 20 Sess. at 3.

provision of Section 9(c) on APL Lines' and APL Co.'s operations, as well upon shippers – including the United States Government – that heavily rely on APL's services, and (ii) the Commission's recent, clear recognition in the context of the Chinese carriers' exemption proceedings that an exemption from that provision will advance the statutory objectives, we urge that this Petition be noticed with an abbreviated comment period so as to permit Commission action on and grant of the exemption requested in this Petition at the earliest feasible date.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'R. Basseches', is written over the typed name and extends to the right.

Robert T. Basseches
David B. Cook
Shea & Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 2036
202-828-2000

Attorneys for American President
Lines, Ltd. and APL Co. Pte. Ltd.

September 20, 2004

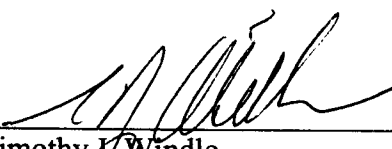
**BEFORE THE
FEDERAL MARITIME COMMISSION**

PETITION NO. _____

**PETITION OF
AMERICAN PRESIDENT LINES, LTD. AND
APL CO. PTE. LTD.
FOR A FULL EXEMPTION FROM THE
FIRST SENTENCE OF SECTION 9(c)
OF THE SHIPPING ACT OF 1984, AS AMENDED**

DECLARATION OF TIMOTHY J. WINDLE

I am Timothy J. Windle, General Counsel of American President Lines, Ltd. I have read the foregoing Petition of American President Lines, Ltd. and APL Co. Pte. Ltd. For a Full Exemption From the First Sentence of Section 9(c) of the Shipping Act of 1984, as Amended ("Petition"). I declare under penalty of perjury that, based on personal knowledge or inquiry to persons with relevant knowledge, the facts stated in the Petition are true and correct to the best of my knowledge and belief.



Timothy J. Windle

September 20, 2004

OFFER DOCUMENT DATED 17 AUGUST 2004

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Offer, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

Goldman Sachs (Singapore) Pte. is acting for and on behalf of Lentor Investments Pte. Ltd. and does not purport to advise the shareholders of Neptune Orient Lines Limited ("NOL").

If you have sold or transferred all your ordinary shares of S\$1.00 each in the share capital of NOL ("Shares") held through The Central Depository (Pte) Limited ("CDP"), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation ("FAA") to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares not held through CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer ("FAT") to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale, for onward transmission to the purchaser or transferee.

The views of the independent directors of NOL and the independent financial adviser of NOL on the Offer will be made available to you in due course. You may wish to consider their views before taking any decision on the Offer. The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

MANDATORY CONDITIONAL CASH OFFER

by



Goldman Sachs (Singapore) Pte.

for and on behalf of

Lentor Investments Pte. Ltd.

(Incorporated in the Republic of Singapore)

a wholly-owned subsidiary of

Temasek Holdings (Private) Limited

(Incorporated in the Republic of Singapore)

to acquire all the issued ordinary shares
of S\$1.00 each in the share capital of



Neptune Orient Lines Limited

(Incorporated in the Republic of Singapore)

ACCEPTANCES SHOULD BE RECEIVED BY 3.30 P.M. ON 15 SEPTEMBER 2004 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (THE "CLOSING DATE").

The procedures for acceptance are set out on pages 13 to 16 of this Offer Document.

If you have any queries about the Offer, please call the hotline at 6889 2652 from 9 a.m. to 5 p.m. on Mondays to Fridays.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Offer Document:

"CDP"	:	The Central Depository (Pte) Limited
"Closing Date"	:	3.30 p.m. on 15 September 2004 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers (as revised with effect from 1 January 2002)
"Companies Act"	:	Companies Act, Chapter 50 of Singapore
"Despatch Date"	:	17 August 2004, being the date of despatch of this Offer Document
"FAA"	:	Form of Acceptance and Authorisation, which forms part of this Offer Document
"FAT"	:	Form of Acceptance and Transfer, which forms part of this Offer Document
"Goldman Sachs"	:	Goldman Sachs (Singapore) Pte. (Company No. 198602165W)
"Interim Dividend"	:	Interim dividend announced by NOL on 27 July 2004 of S\$0.0875 per Share gross (S\$0.07 per Share net)
"Latest Practicable Date"	:	13 August 2004, being the latest practicable date prior to the printing of this Offer Document
"Listing Manual"	:	The Listing Manual of SGX-ST, as amended up to the Latest Practicable Date
"Market Day"	:	A day on which SGX-ST is open for trading of securities
"NOL"	:	Neptune Orient Lines Limited
"NOL Group"	:	NOL and its subsidiaries and associated companies
"NOL Scheme"	:	NOL Share Option Plan
"NTA"	:	Net tangible assets
"Offer"	:	The mandatory conditional cash offer made by Goldman Sachs, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"Offer Announcement"	:	Announcement of the Offer released by Goldman Sachs, for and on behalf of the Offeror, on the Offer Announcement Date
"Offer Announcement Date"	:	3 August 2004, being the date of the Offer Announcement

"Offer Document"	:	This document and any other document which may be issued by Goldman Sachs, for and on behalf of the Offeror to amend, revise, supplement or update the document from time to time
"Offer Price"	:	S\$2.80 in cash for each Offer Share
"Offer Shares"	:	All the Shares to which the Offer relates as more particularly defined in Section 2.3 of this Offer Document
"Offeror"	:	Lentor Investments Pte. Ltd., a wholly-owned subsidiary of Temasek
"Options"	:	The outstanding options to subscribe for new Shares granted pursuant to the NOL Scheme
"Options Proposal"	:	The proposal to be made by the Offeror to the holders of Options as more particularly defined in Section 7 of this Offer Document
"Receiving Agent"	:	BACS Pte Ltd
"Securities Account"	:	The securities account maintained by a Depositor with CDP
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	The holders of the Offer Shares, including persons whose Offer Shares are deposited with the CDP or who have purchased the Offer Shares on SGX-ST
"Shares"	:	Ordinary shares of par value S\$1.00 each in the share capital of NOL
"SIC"	:	Securities Industry Council of Singapore
"Startree"	:	Startree Investments Pte. Ltd., a wholly-owned subsidiary of Temasek
"Temasek"	:	Temasek Holdings (Private) Limited
"%" or "per cent."	:	Percentage or per centum
"S\$" and "cents" or "¢"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"US\$"	:	US dollars, being the lawful currency of the United States of America

Acting in Concert. The expression "**acting in concert**" shall have the meaning ascribed to it in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by Goldman Sachs or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, MASNET or otherwise of an announcement to SGX-ST. An announcement made otherwise than to SGX-ST shall be notified simultaneously to SGX-ST.

Depositors. The expression "**Depositor**" shall have the meaning ascribed to it in the Companies Act.

Genders. Words importing the singular shall, where applicable, unless otherwise stated, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine gender. References to persons shall, where applicable, include corporations.

Headings. The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

Issued and Paid-Up Share Capital of NOL. In this Offer Document, the issued and paid-up share capital of NOL used was S\$1,443,339,986, comprising 1,443,339,986 Shares as at the Latest Practicable Date.

Offer Document. References to “Offer Document” shall include the FAA and the FAT.

Rounding. Any discrepancies in the tables in this Offer Document between the listed amounts and the totals thereof are due to rounding.

Statutes. Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code or that modification, as the case may be.

Shareholders. References to “you”, “your” and “yours” in this Offer Document are to Shareholders (including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on SGX-ST).

Time; Date. Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date, unless otherwise specified.



Goldman Sachs (Singapore) Pte.

Company No. 198602165W

1 Raffles Link #07-01

Singapore 039393

17 August 2004

To: The Shareholders of Neptune Orient Lines Limited

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY GOLDMAN SACHS
FOR AND ON BEHALF OF THE OFFEROR FOR THE OFFER SHARES**

1. INTRODUCTION

- 1.1 Announcement.** On 3 August 2004, Goldman Sachs announced, for and on behalf of the Offeror, that upon completion of purchases of 20,297,000 Shares from the market on 3 August 2004, the Offeror, together with Temasek and Startree, owned or controlled 433,746,362 Shares, representing approximately 30.14 per cent. of the then existing issued and paid-up share capital of NOL.

A copy of the Offer Announcement dated 3 August 2004 released by Goldman Sachs is available on the website of SGX-ST at www.sgx.com.

- 1.2 Offer.** In accordance with Rule 14 of the Code, the Offeror makes a mandatory conditional cash offer for all the Shares in issue and to be issued pursuant to the NOL Scheme, which are not already owned by the Offeror, Temasek or Startree as at the date of this Offer.
- 1.3 Offer Document.** This Offer Document contains the formal offer by Goldman Sachs, for and on behalf of the Offeror, to acquire all the Offer Shares not already owned by the Offeror, Temasek or Startree. This Offer Document shall be despatched to the Shareholders on 17 August 2004, being the Despatch Date.

2. THE OFFER

- 2.1 Offer Price.** For and on behalf of the Offeror, Goldman Sachs hereby offers to acquire all the Offer Shares on the following basis:

For each Offer Share: S\$2.80 in cash.

Shareholders as at the record date for payment of the Interim Dividend will be entitled to retain the Interim Dividend, notwithstanding that they accept the Offer.

- 2.2 Right to Revise Offer.** The Offeror reserves its right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer terms are revised, all Shareholders who have accepted the previous Offer will receive the revised consideration.

2.3 Offer Shares. The Offer is extended to:

- (a) all the Shares not already owned by the Offeror, Temasek or Startree as at the date of the Offer in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Code;
- (b) all the issued Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in connection with the Offer (other than Temasek and Startree); and
- (c) all new Shares which are unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Offer, of any Options to subscribe for new Shares granted under the NOL Scheme.

For the purposes of the Offer, the expression “**Offer Shares**” shall include all such Shares.

2.4 No Encumbrances. The Offer Shares will be acquired (a) fully paid; (b) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (c) together with all rights, benefits and entitlements attached thereto as of the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by NOL on or after the Offer Announcement Date, save for the Interim Dividend.

3. CONDITION OF THE OFFER

3.1 Minimum Acceptance Condition. The Offer shall be subject to the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the issued share capital of NOL as at the close of the Offer (including any voting rights attributable to Shares issued or to be issued pursuant to the valid exercise of the Options prior to the close of the Offer).

3.2 Unconditionality of Offer Prior to Close. Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares carrying more than 50 per cent. of the maximum potential issued share capital of NOL. For this purpose, the “maximum potential issued share capital of NOL” means the total number of Shares which would be in issue had all the Options been validly exercised as at the date of such declaration.

4. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to warrant that he sells such Offer Shares, as or on behalf of the beneficial owner(s) thereof, (a) fully paid; (b) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (c) together with all rights, benefits and entitlements attached thereto as of the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by NOL on or after the Offer Announcement Date, save for the Interim Dividend.

5. DETAILS OF THE OFFER

Appendix 1 of this Offer Document sets out further details on (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances.

6. PROCEDURES FOR ACCEPTANCE

Appendix 2 of this Offer Document sets out the procedures for acceptance of the Offer.

7. OPTIONS AND THE OPTIONS PROPOSAL

- 7.1 Options.** Under the rules of the NOL Scheme, the Options are not transferable by holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Options (although for the avoidance of doubt, the Offer will be extended to all new Shares to be issued pursuant to the valid exercise of the Options on or prior to the close of the Offer). Goldman Sachs, on behalf of the Offeror, will instead make an Options Proposal on the following terms:

- (a) subject to the Offer becoming or being declared unconditional in all respects; and
- (b) subject to the relevant Options continuing to be exercisable into new Shares,

the Offeror will pay holders of such Options a cash amount (determined as provided below) (the "**Option Price**") in consideration of such holders agreeing:

- (i) not to exercise any of such Options into new Shares; and
- (ii) not to exercise any of their rights as holders of such Options,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. Further, if the Offer becomes or is declared unconditional in all respects, holders of the Options who have accepted the Options Proposal will also be required to surrender all of their Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

- 7.2 Option Price.** The Option Price is computed on a "see-through basis". In other words, the Option Price in relation to any Option is the amount in excess of the Offer Price over the exercise price of that Option.

8. INFORMATION ON THE OFFEROR AND TEMASEK

- 8.1 The Offeror.** The Offeror was incorporated in the Republic of Singapore on 28 May 2004. The Offeror is an investment holding company and, as at the Latest Practicable Date, has an authorised share capital of S\$1,000,000,000 divided into 990,000,000 ordinary shares of S\$1.00 each and 10,000,000 Series A redeemable preference shares of S\$1.00 each ("**RPS**"), of which two ordinary shares of S\$1.00 have been issued and paid up at par and ten RPS have been issued and paid up at S\$100,000 per RPS. The Offeror is a wholly-owned subsidiary of Temasek.

- 8.2 Temasek.** Temasek is an Asia investment company headquartered in Singapore. As an active shareholder and investor, it aims to maximise long-term shareholder value. Established in 1974, Temasek manages a diversified global portfolio, including investments in Singapore, India, Indonesia, Korea, Malaysia and the United States of America. It has investments in a wide range of industries: transport and logistics, banking and financial services, telecommunications and media, energy and resources, infrastructure and engineering, as well as pharmaceuticals and biosciences. Some of the listed companies in Temasek's portfolio include Singapore Airlines, DBS Bank, Bank Danamon, Singapore Telecommunications, Keppel Corporation, ST Engineering and Quintiles. Unlisted companies include Singapore Technologies, PSA Corporation, Singapore Power and Wildlife Reserves Singapore.

Appendices 3 and 4 of this Offer Document set out certain additional information on the Offeror and Temasek respectively.

9. INFORMATION ON NOL

NOL is a Singapore-based global transportation and logistics company. It was incorporated in the Republic of Singapore on 30 December 1968 and was publicly listed in 1981 on SGX-ST. Its container transportation arm, APL, is a top-10 container transportation company that provides services to more than 140 countries through a network combining high quality inter-modal operations with state-of-the-art information technology. Its supply chain services arm, APL Logistics, provides international, end-to-end logistics services for global customers, employing the latest information technology and data connectivity for maximum supply chain visibility and control.

Appendix 5 of this Offer Document sets out certain additional information on NOL.

10. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR NOL

10.1 Rationale for the Offer. In the equity private placement conducted by NOL in November 2003, in which Temasek as substantial shareholder was not entitled to participate, Temasek's shareholding was diluted to below 30 per cent. Temasek, through the Offeror and Startree, has increased its aggregate direct and indirect investment in NOL to beyond 30 per cent., thereby requiring a mandatory offer to be made under the provisions of the Code.

10.2 Future Plans for NOL. It is the intention of the Offeror that NOL continues with its existing activities. Accordingly, the Offeror currently has no intentions for any major changes relating to the business of NOL (including any redeployment of fixed assets) nor any changes relating to the continued employment of the employees of NOL and its subsidiaries.

10.3 Listing and Compulsory Acquisition

- (a) **Trading Suspension.** Under Rule 1105 of the Listing Manual, in the event that the Offeror and its parties acting in concert with it should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the issued share capital of NOL, SGX-ST may suspend the listing of the Shares until such time when SGX-ST is satisfied that at least ten per cent. of the Shares are held by at least 500 shareholders who are members of the public.
- (b) **Compulsory Acquisition; Delisting.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives acceptances pursuant to the Offer¹ for not less than 90 per cent. of the Offer Shares (other than those already held by related corporations of the Offeror or nominees of such related corporations as at the date of the Offer), the Offeror will have the right to compulsorily acquire at the Offer Price, all Shares of the Shareholders who have not accepted the Offer. In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, comprise 90 per cent. or more of the issued share capital of NOL, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.
- (c) **Intention.** If the Offeror receives acceptances pursuant to the Offer¹ in respect of not less than 90 per cent. of the Offer Shares (other than those already held by related corporations of the Offeror or nominees of such related corporations as at the date of the Offer), it is the current intention of the Offeror to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act to acquire the remaining Offer Shares. In the event that the Offeror exercises its rights of compulsory acquisition under Section 215(1) of the Companies Act, such remaining Offer Shares will be acquired at the Offer Price.

11. FINANCIAL ASPECTS OF THE OFFER²

11.1 Financial Aspects Considered by the Offeror. Due to the cyclical nature of the shipping industry, the Offeror has considered the book value and the NTA of NOL, as well as the historical transacted prices of the Shares, in determining the Offer Price.

¹ For the avoidance of doubt, acceptances pursuant to the Offer will include acquisitions or contracts of acquisitions of the Offer Shares pursuant to Section 215(11) of the Companies Act.

² Information on the historical transacted prices of the Shares and foreign exchange rates were obtained from Bloomberg.

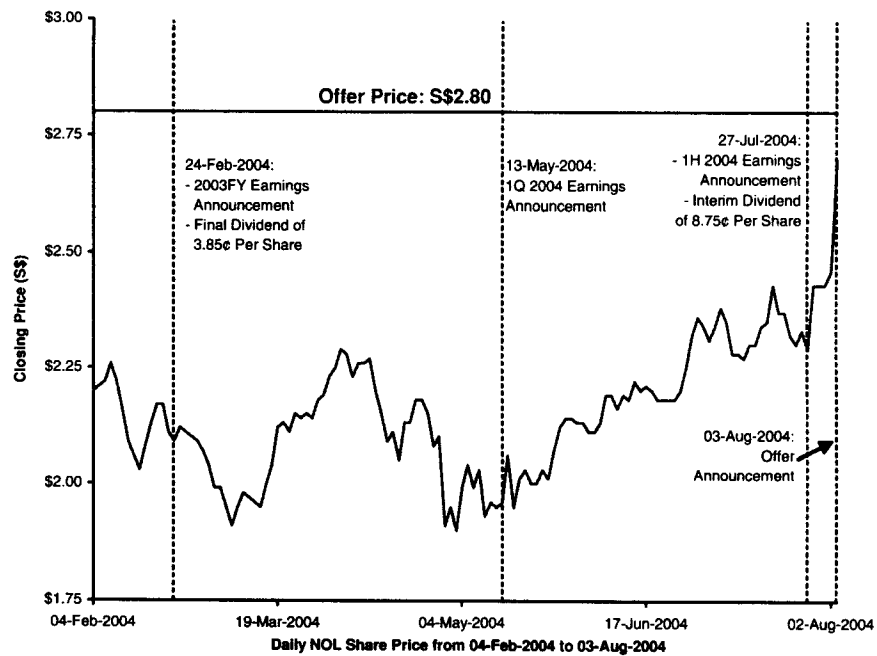
11.2 Historical Share Prices. The Offer Price exceeds the highest closing price of the Shares during the period from 4 January 1994 up till the Offer Announcement Date. Please refer to the charts below giving an overview of the historical Share prices over a ten-year period up to and including the Offer Announcement Date (between 4 August 1994 and 3 August 2004) and a six-month period up to and including the Offer Announcement Date (between 4 February 2004 and 3 August 2004).

Ten-year Period Up to Offer Announcement Date



Source: Datastream

Six-month Period Up to Offer Announcement Date



Source: Datastream

11.3 Price to Book Ratio. The Offer Price represents the following price to book ratios:

- (a) 1.5 times of S\$1.88³ (equivalent to US\$1.10), being the adjusted book value per Share as at 25 June 2004; and
- (b) 1.8 times of S\$1.53⁴ (equivalent to US\$0.90), being the adjusted book value per Share as at 26 December 2003.

11.4 Premium to NTA. The Offer represents the following premia over the NTA⁵ per Share:

- (a) a premium of 68.3 per cent. over S\$1.66⁶ (equivalent to US\$0.97), being the adjusted NTA per Share as at 25 June 2004; and
- (b) a premium of 112.7 per cent. over S\$1.32⁷ (equivalent to US\$0.77), being the adjusted NTA per Share as at 26 December 2003.

11.5 Market Quotations.

(a) Offer Announcement Date

Historical Trading Prices

The Offer Price represents:

- (i) a premium of 3.7 per cent. over S\$2.70, the last transacted price of the Shares on 3 August 2004 (the Offer Announcement Date) and a premium of 13.8 per cent. over S\$2.46, the last transacted price of the Shares on 2 August 2004 (the day prior to the Offer Announcement Date);
- (ii) a premium of 15.2 per cent. over S\$2.43, the volume weighted average of the prices at which the Shares were transacted over the last one month up to and including the Offer Announcement Date; and
- (iii) a premium of 29.6 per cent. over S\$2.16, the volume weighted average of the prices at which the Shares were transacted over the last six months up to and including the Offer Announcement Date.

3 Derived by dividing the adjusted book value by the number of Shares outstanding as at 25 June 2004 and converted to S\$ using the exchange rate as at 25 June 2004 of US\$1.00: S\$1.7082.

NOL's book value of US\$1,639.1 million, based on its half-year 2004 financial results, was adjusted by the net Interim Dividend payout of US\$59.0 million (derived by multiplying S\$0.07 with the number of Shares outstanding on the record date and converted to US\$ using the exchange rate as at 12 August 2004 of US\$1.00: S\$1.7127).

4 Derived by dividing the adjusted book value by the number of Shares outstanding as at 26 December 2003 and converted to S\$ using the exchange rate as at 26 December 2003 of US\$1.00: S\$1.7054.

NOL's book value of US\$1,304.1 million, based on its annual report, was adjusted by the 2003 net final dividend payout made in the second quarter of 2004 of US\$26.3 million.

5 NTA is computed as shareholders' equity plus deferred lease payables and deferred income less goodwill, intangible assets, deferred charges and deferred lease receivables.

6 Derived by dividing the adjusted NTA by the number of Shares outstanding as at 25 June 2004 and converted to S\$ using the exchange rate as at 25 June 2004 of US\$1.00: S\$1.7082.

NOL's NTA of US\$1,458.2 million was adjusted to reflect the net Interim Dividend payout on the same basis as set out in footnote 3.

7 Derived by dividing the adjusted NTA by the number of Shares outstanding as at 26 December 2003 and converted to S\$ using the exchange rate as at 26 December 2003 of US\$1.00: S\$1.7054.

NOL's NTA of US\$1,127.5 million was adjusted to reflect the 2003 net final dividend payout on the same basis as set out in footnote 4.

Theoretical Ex-Dividend Trading Prices

Adjusted for the gross Interim Dividend, the Offer Price represents⁸:

- (i) a premium of 7.2 per cent. over S\$2.61, the theoretical ex-dividend last transacted price of the Shares on 3 August 2004 (the Offer Announcement Date) and a premium of 18.0 per cent. over S\$2.37, the theoretical ex-dividend last transacted price of the Shares on 2 August 2004 (the day prior to the Offer Announcement Date);
- (ii) a premium of 19.5 per cent. over S\$2.34, the theoretical ex-dividend volume weighted average of the prices at which the Shares were transacted over the last one month up to and including the Offer Announcement Date; and
- (iii) a premium of 35.1 per cent. over S\$2.07, the theoretical ex-dividend volume weighted average of the prices at which the Shares were transacted over the last six months up to and including the Offer Announcement Date.

(b) **Latest Practicable Date**

The Offer Price represents:

- (i) a discount of 2.1 per cent. under S\$2.86, the last transacted price of the Shares on the Latest Practicable Date;
- (ii) a premium of 6.9 per cent. over S\$2.62⁹, the volume weighted average of the prices at which the Shares were transacted over the last one month up to and including the Latest Practicable Date; and
- (iii) a premium of 28.3 per cent. over S\$2.18⁹, the volume weighted average of the prices at which the Shares were transacted over the last six months up to and including the Latest Practicable Date.

12. CONFIRMATION OF FINANCIAL RESOURCES

Goldman Sachs, as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares.

13. DISCLOSURES

13.1 Holdings and Dealings in Shares

- (a) **The Offeror and Concert Parties.** Appendix 6 of this Offer Document sets out the disclosures required to be made in connection with the Offer.
- (b) **No Other Holdings and Dealings.** Save as disclosed in this Offer Document, none of Offeror and parties acting or deemed to be acting in concert with it (i) owns, controls or has agreed to acquire any Shares or Options as of the Latest Practicable Date or (ii) has dealt for value in any Shares or Options during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date or (iii) has received any irrevocable undertaking from any party to accept or reject the Offer as of the Latest Practicable Date.

⁸ The gross Interim Dividend of S\$0.0875 per Share has been deducted from the daily volume weighted average of the prices at which the Shares were transacted for the whole of the relevant period (where appropriate).

⁹ The gross Interim Dividend of S\$0.0875 per Share has been deducted from the daily volume weighted average of the prices at which the Shares were transacted, up to and including 6 August 2004 (being the last cum-Interim Dividend trading day on SGX-ST).

14. OVERSEAS SHAREHOLDERS

14.1 Overseas Shareholders. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register of Members of NOL (each, an **"Overseas Shareholder"**) may be affected by the laws of relevant overseas jurisdictions. Accordingly, any Shareholder not resident in Singapore should inform themselves about and observe any applicable legal requirements. For the avoidance of doubt, the Offer is made to all Shareholders, including those to whom this Offer Document, the FAAs and the FATs have not been, or will not be, sent.

14.2 Copies of Offer Document. Overseas Shareholders may obtain copies of this Offer Document, the FAAs, the FATs and any related documents, during normal business hours and up to the Closing Date at BACS Pte Ltd, 63 Cantonment Road, Singapore 089758 or The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807. Alternatively, an Overseas Shareholder may write to Lentor Investments Pte. Ltd., c/o BACS Pte Ltd, 63 Cantonment Road, Singapore 089758 to request for this Offer Document, the FAAs, the FATs and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the Closing Date.

14.3 Overseas Jurisdiction. It is the responsibility of any Shareholder outside Singapore who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

14.4 Notice. The Offeror and Goldman Sachs each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders with a registered address outside Singapore by announcement or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

15. GENERAL

15.1 Valid Acceptances. The Offeror and Goldman Sachs reserve the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAAs or the FATs, or if made otherwise than in accordance with the provisions herein and instructions printed on the FAAs and the FATs.

15.2 Governing Law and Jurisdiction. The Offer, this Offer Document, the FAA and the FAT, and all acceptances of the Offer and all contracts made pursuant thereto and action taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each accepting Shareholder submit to the non-exclusive jurisdiction of the Singapore courts.

15.3 No Third Party Rights. Unless expressly provided to the contrary in this Offer Document, the FAA and the FAT, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document, the FAA and the FAT has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

15.4 Accidental Omission. Accidental omission to despatch this Offer Document, the FAA and the FAT or any notice or announcement required to be given under the terms of the Offer, or any failure to receive the same by any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.

15.5 Appendix 7 of this Offer Document sets out certain additional general information relating to the Offer.

16. RESPONSIBILITY STATEMENT

The issue of this Offer Document has been approved by all the directors of the Offeror and Temasek (including those who may have delegated detailed supervision of this Offer Document) who have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offer Document are fair and accurate and that no material facts have been omitted from this Offer Document, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources (including, without limitation, information in relation to the NOL Group), the sole responsibility of the directors of the Offeror and Temasek has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Offer Document.

Yours faithfully
for and on behalf of
Goldman Sachs (Singapore) Pte.

Tim Leissner
Managing Director

**If you have any queries about the Offer, please call the hotline at 6889 2652
from 9 a.m. to 5 p.m. on Mondays to Fridays.**

DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 Closing Date. The Offer is open for acceptance by Shareholders for at least 28 days from the date of despatch of this Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at **3.30 p.m. on 15 September 2004** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

1.2 Subsequent Closing Date. If the Offer is extended:

- (1) and is not unconditional as to acceptances as of the date of such extension, the announcement of the extension must state the next Closing Date;
- (2) and is unconditional as to acceptances as of the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.

1.3 No Obligation to Extend Offer. The Offeror is not obliged to extend the Offer if the condition specified in Section 3.1 ("**Minimum Acceptance Condition**") of the Offer Document is not fulfilled by the Closing Date(s).

1.4 Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances. In order to give Shareholders who have not accepted the Offer the opportunity to do so after the Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period ("**Rule 22.6 Period**") of not less than 14 days after the date on which it would otherwise have closed.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (1) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (2) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Section 4.2 ("**Right of Withdrawal**") of this Appendix, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

1.5 Final Day Rule. The Offer (whether revised or not) will not be capable:

- (1) of becoming or being declared unconditional as to acceptances after 3.30 p.m. on the 60th day after the date of despatch of this Offer Document; or
- (2) of being kept open after such 60-day period unless it has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with SIC's prior consent.

1.6 Revision. If the Offer is revised, it will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to the Shareholders.

2. SETTLEMENT

2.1 When Settlement Due. Subject to the Offer becoming or being declared unconditional and to the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the relevant FAA and/or FAT, as the case may be, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the Shares stand to the credit of the "Free Balance" of his Securities Account at the relevant time, remittances in the form of S\$ cheques for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the accepting Shareholders as soon as practicable and in any case:

- (1) in respect of acceptances received on or before the date on which the Offer becomes or is declared unconditional in all respects, within 21 days after such date; or
- (2) in respect of acceptances received after the date on which the Offer becomes or is declared unconditional in all respects, within 21 days after receipt of such acceptances.

2.2 Method of Settlement. Payment of the Offer Price will be made by way of cheques for the appropriate amounts.

3. ANNOUNCEMENTS

3.1 Timing and Contents. By 8.00 a.m. on the Market Day ("**Relevant Day**") immediately after the day on which the Offer is due to expire, becomes or is declared unconditional as to acceptances or is revised or extended, the Offeror will announce and simultaneously inform SGX-ST of the total number of Shares (as nearly as practicable):

- (1) for which acceptances of the Offer have been received;
- (2) held by the Offeror and any party acting in concert with the Offeror before the offer period (as defined in the Code); and
- (3) acquired or agreed to be acquired by the Offeror and any party acting in concert with the Offeror during the offer period (as defined in the Code),

and will specify the percentages of the issued share capital of NOL (including Shares issued or to be issued pursuant to the valid exercise of the Options prior to the close of the Offer) represented by such numbers.

3.2 Suspension. If the Offeror is unable, within the time limit, to comply with any of the requirements of Section 3.1 ("**Timing and Contents**") of this Appendix, the SIC will consider requesting SGX-ST to suspend dealings in Shares until the relevant information is given.

3.3 Valid Acceptances. In computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account:

- (1) acceptances which are valid in all respects; and
- (2) acceptances which are duly completed and accompanied by the relevant original contract statements, validly issued by a member company of SGX-ST in the name of the accepting Shareholder, in respect of the purchase by the accepting Shareholder of Offer Shares which are deposited with CDP (subject to the "Free Balance" of the Securities Account of the accepting Shareholder being credited with the relevant number of such Offer Shares within five (5) Market Days of the date of the relevant original contract statement(s)).

Acceptances of the Offer will only be treated as valid for the purposes of the acceptance condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

3.4 Declaration. Before the Offer may become or be declared unconditional as to acceptances, the Offeror's Receiving Agent must deliver a certificate to the Offeror and Goldman Sachs (or their respective agents) which states the number of acceptances received which comply with Note 2 of Rule 28.1 of the Code. A copy of such certificate will be sent to the SIC and to the independent financial adviser of NOL as soon as possible after it is issued.

4. RIGHT OF WITHDRAWAL

4.1 Acceptances Irrevocable. Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

4.2 Right of Withdrawal. A Shareholder who has accepted the Offer may:

- (1) withdraw his acceptance immediately if the Offer has become or been declared unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in Section 3.1 ("**Timing and Contents**") of this Appendix by 3.30 p.m. on the Relevant Day. Subject to Section 1.5 ("**Final Day Rule**") of this Appendix, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with the requirements set out in Section 3.1 ("**Timing and Contents**") of this Appendix;
- (2) withdraw his acceptance after 14 days from the first Closing Date of the Offer if the Offer has not by then become or been declared unconditional as to acceptances. This right of withdrawal may be exercised until such time as the Offer becomes or is declared unconditional as to acceptances; and
- (3) withdraw his acceptance immediately if a competing offer becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such offer immediately.

4.3 Method of Withdrawal. To withdraw his acceptance, a Shareholder who has accepted the Offer must give written notice to the Offeror at its registered office. Such notice of withdrawal shall be effective only when actually received by the Offeror.

PROCEDURES FOR ACCEPTANCE

1. DEPOSITORS

- 1.1 Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of your Securities Account, you should receive this Offer Document together with an FAA.

Acceptance. If you wish to accept the Offer, you should:

- (1) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in **Part A** of the FAA, the number of Offer Shares in respect of which you wish to accept the Offer. If you:
 - (a) do not specify such number; or
 - (b) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as of 5.00 p.m. on the date of receipt of the FAA by CDP ("**Date of Receipt**"),

you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt;
- (2) sign the FAA in accordance with this Offer Document and the instructions printed on the FAA; and
- (3) deliver the completed and signed FAA:
 - (a) by hand to Lentor Investments Pte. Ltd., c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807; or
 - (b) by post, in the enclosed pre-addressed envelope at your own risk, to Lentor Investments Pte. Ltd., c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in each case so as to arrive not later than 3.30 p.m. on the Closing Date.

- 1.2 Depositors whose Securities Accounts will be credited with Offer Shares.** If you purchase Offer Shares on SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Offer Document together with an FAA.

Acceptance. If you wish to accept the Offer, you should:

- (1) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in **Part B** of the FAA the number of Offer Shares in respect of which you wish to accept the Offer. If you:
 - (a) do not specify such number; or
 - (b) specify a number which exceeds the number of Offer Shares represented by the original "bought" contract statement(s), issued by a member company of SGX-ST in your name, in respect of such Offer Shares,

you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the relevant original contract statement(s). If the relevant FAA is received by CDP without the relevant original contract statement(s), then you shall be deemed to have accepted the Offer in respect of all the Shares standing to the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt;
- (2) sign the FAA in accordance with this Offer Document and the instructions printed on the FAA; and

- (3) deliver the completed and signed FAA and the relevant original contract statement(s):
- (a) by hand to Lentor Investments Pte. Ltd., c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807; or
 - (b) by post, in the enclosed pre-addressed envelope at your own risk, to Lentor Investments Pte. Ltd., c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in each case so as to arrive not later than 3.30 p.m. on the Closing Date.

Credit into "Free Balance". By accepting the Offer, you undertake to procure that the "Free Balance" of your Securities Account will be credited with the number of Offer Shares in respect of which you wish to accept the Offer by 5.00 p.m. on the fifth (5th) Market Day following the date of the relevant original contract statement(s). If by such time, your "Free Balance" is not credited with, or is credited with less than, the relevant number of Offer Shares, you shall be deemed to have accepted the Offer only in respect of the lower of:

- (1) the number of Offer Shares as may be standing to the credit of your "Free Balance" as of such time; and
- (2) the number of Offer Shares inserted in Part B of the FAA or, if no such number is inserted, the number of Offer Shares represented by the relevant original contract statement(s).

Rejection. If it is established that the Offer Shares represented by the relevant original contract statement(s) will not be credited (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected and none of CDP, Goldman Sachs and the Offeror accept any responsibility or liability for the consequences of such a rejection.

- 1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of both the Offer Shares standing to the credit of the "Free Balance" of your Securities Accounts as well as the additional Offer Shares purchased which are in the process of being credited to your Securities Account. The provisions set out above shall apply *mutatis mutandis* to your acceptance of the Offer.

- 1.4 General.** CDP will acknowledge receipt of an FAA if it is submitted by hand to CDP. No acknowledgement will be given for FAAs deposited into boxes located at CDP's premises. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number by e-mail if you have registered for the CDP e-mail service. Alternatively, you may call personally at CDP with your identity card or passport to verify such number.

Suspense Account. Upon receipt of the FAA (and the relevant original contract statement(s), if applicable), CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to a "Suspense Account". Such Offer Shares will be held in the "Suspense Account" until the Offer becomes or is declared unconditional in all respects and the consideration for such Offer Shares has been despatched to you.

Notification. If the Offer becomes or is declared unconditional in all respects, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account.

Offer Lapses. If the Offer does not become or is not declared unconditional in all respects, CDP will re-transfer the Offer Shares in respect of which you have accepted the Offer to the "Free Balance" of your Securities Account as soon as possible but in any event within 14 days of the lapse of the Offer.

2. NON-DEPOSITORS

If you hold Offer Shares which are not deposited with CDP ("**in scrip form**"), you should receive this Offer Document together with an FAT.

Acceptance. If you wish to accept the Offer, you should:

- (1) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. If you:
 - (a) do not specify a number in Part A of the FAT; or
 - (b) specify a number which exceeds the number of Offer Shares represented by the attached share certificate(s),you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares comprised in the share certificate(s) accompanying the FAT.
- (2) sign the FAT in accordance with this Offer Document and the instructions printed on the FAT; and
- (3) deliver:
 - (a) the completed and signed FAT;
 - (b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Offer Shares in respect of which you wish to accept the Offer; and
 - (c) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by the Offeror or a person authorised by it),

to Lentor Investments Pte. Ltd., c/o BACS Pte Ltd, 63 Cantonment Road, Singapore 089758, **so as to arrive not later than 3.30 p.m. on the Closing Date.**

Receipt. No acknowledgement of receipt of any FAT, share certificate or any other document will be given.

Offer Lapses. If the Offer does not become or is not declared unconditional in all respects, the FAT, share certificate and other documents will be returned to you as soon as possible but in any event within 14 days of the lapse of the Offer.

3. GENERAL

- 3.1 **Disclaimer.** The Offeror will be entitled to reject any acceptance which does not comply with this Offer Document or which is otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA or the FAT is properly completed in all respects and all required documents are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, Goldman Sachs, the Receiving Agent and CDP accepts any responsibility or liability for the consequences of such a decision.
- 3.2 **Scrip and Scripless Offer Shares.** If you hold some Offer Shares "in scrip form" and others with CDP, you should complete an FAT for the former and an FAA for the latter in accordance with the respective procedures set out in this Appendix if you wish to accept the Offer in respect of all such Offer Shares.
- 3.3 **Deposit Time.** If you hold Offer Shares "in scrip form", the Offer Shares may not be credited into your Securities Account in time for you to accept the Offer if you were to deposit your share certificate with CDP after the Despatch Date. If you wish to accept the Offer in respect of such Offer Shares, you should complete an FAT and follow the procedures set out in Section 2 ("**Non-Depositors**") of this Appendix.

3.4 Correspondences. All communications, certificates, notices, documents and remittances to be delivered or sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of NOL) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Registry of Members of NOL as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified to you in the relevant FAA/FAT at your own risk).

ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS

The names, addresses and descriptions of the directors of the Offeror as of the Latest Practicable Date are as follows:

Name	Address	Description
Margaret Lui-Chan Ann Soo	2 Jalan Kakatua Singapore 598522	Director
Phua Kok Kim	3 Rivervale Link #14-24 Golden Carp Tower The Rivervale Singapore 545119	Director
Ong Kian Ngee	Blk 504 Pasir Ris Street 52 #14-145 Singapore 510504	Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror was incorporated in the Republic of Singapore on 28 May 2004 and is a wholly-owned subsidiary of Temasek. The principal activity of the Offeror is that of investment holding. As at the Latest Practicable Date, the Offeror has an authorised share capital of S\$1,000,000,000 divided into 990,000,000 ordinary shares of S\$1.00 each and 10,000,000 Series A redeemable preference shares of S\$1.00 each ("RPS"), of which two ordinary shares of S\$1.00 have been issued and paid up at par and ten RPS have been issued and paid up at S\$100,000 per RPS.

3. FINANCIAL SUMMARY

As the Offeror was incorporated on 28 May 2004, no audited financial statements of the Offeror have been prepared to date. Save as a result of making and financing the Offer, there have been no publicly known material changes in the financial position of the Offeror since its incorporation.

4. REGISTERED OFFICE

The registered office of the Offeror is at 60B Orchard Road #06-18 Tower 2, The Atrium@Orchard, Singapore 238891.

ADDITIONAL INFORMATION ON TEMASEK

1. DIRECTORS

The names, addresses and descriptions of the directors of Temasek as of the Latest Practicable Date are as follows:

Name	Address	Description
S Dhanabalan	1E Chatsworth Avenue Singapore 249842	Chairman
Kwa Chong Seng	19 Victoria Park Road Singapore 266498	Deputy Chairman
Lim Siong Guan	69 Coronation Road Singapore 269466	Deputy Chairman
Ho Ching	24 Rochalie Drive Rose Garden Singapore 248255	Executive Director and Chief Executive Officer
Sim Kee Boon	114 Watten Estate Road Watten Estate Singapore 287597	Director
Fock Siew Wah	335 Bukit Timah Road #18-02 Wing On Life Garden Singapore 259718	Director
Koh Boon Hwee	27 Queen Astrid Park Singapore 266832	Director
Kua Hong Pak	1 Muswell Hill Braddell Heights Estate Singapore 358416	Director
Ng Kok Song	9 Mayfield Avenue Singapore 438023	Director

2. PRINCIPAL ACTIVITIES

Temasek is an Asia investment company headquartered in Singapore. As an active shareholder and investor, it aims to maximise long-term shareholder value. Established in 1974, Temasek manages a diversified global portfolio, including investments in Singapore, India, Indonesia, Korea, Malaysia and the United States of America. It has investments in a wide range of industries: transport and logistics, banking and financial services, telecommunications and media, energy and resources, infrastructure and engineering, as well as pharmaceuticals and biosciences. Some of the listed companies in Temasek's portfolio include Singapore Airlines, DBS Bank, Bank Danamon, Singapore Telecommunications, Keppel Corporation, ST Engineering and Quintiles. Unlisted companies include Singapore Technologies, PSA Corporation, Singapore Power and Wildlife Reserves Singapore.

For more information, please visit <http://www.temasek.com.sg>.

3. REGISTERED OFFICE

The registered office of Temasek is at 60B Orchard Road #06-18 Tower 2, The Atrium@Orchard, Singapore 238891.

ADDITIONAL INFORMATION ON NOL

1. DIRECTORS

The names and descriptions of the directors of NOL are as follows:

Name	Description
Cheng Wai Keung	Chairman
Friedbert Malt	Vice Chairman
Ang Kong Hua	Vice Chairman
David Lim Tik En	Executive Director and Chief Executive Officer
Lim How Teck	Executive Director and Chief Financial Officer
Lock Sai Hung	Director
Yasumasa Mizushima	Director
Timothy James Rhein	Director
James Connal Scotland Rankin	Director
Willie Cheng	Director
Gan Chee Yen	Director
Robert Holland, Jr	Director
Christopher Lau	Director

2. SHARE CAPITAL

As at the Latest Practicable Date, NOL had an issued and paid-up share capital of S\$1,443,339,986 divided into 1,443,339,986 Shares.

3. NOL SCHEME

As of the Latest Practicable Date, there were 25,090,920 outstanding Options to subscribe for 25,090,920 new Shares. Details of the outstanding Options and respective exercise prices are set out below:

Number of Options	Exercise Price (S\$)	Exercise Period
335,000	2.05	1 October 2000 – 30 September 2004
611,000	1.52	3 May 2001 – 2 May 2010
2,829,000	1.37	19 October 2001 – 18 October 2010
180,000	1.00	19 October 2002 – 18 October 2006
3,077,000	1.00	19 October 2002 – 18 October 2011
4,221,920	1.00	18 October 2003 – 17 October 2012
937,000	1.00	7 November 2003 – 6 November 2012
170,000	1.00	19 December 2003 – 18 December 2007
12,300,000	2.14	17 November 2004 – 16 November 2013
430,000	2.14	17 November 2004 – 16 November 2008

The provisions of the NOL Scheme provide, *inter alia*, that in the event of a takeover offer being made for NOL and such offer becoming or being declared unconditional, each of the holders of the Options (including those holding Options which are then not exercisable pursuant to the provisions of the NOL Scheme) shall be entitled, within the earlier of (a) six months of the date on which such offer becomes or is declared unconditional; or (b) the expiry of the Options (the "**Period**"), to exercise in full any unexercised Option (provided that no such Option may be exercised if the relevant period for the exercise of the Option has expired), and subject to complying with the provisions of the NOL Scheme relating to the exercise of the Options and termination of the Options.

Provided that if during the Period, the company or person conducting the takeover offer becomes entitled or bound to exercise rights of compulsory acquisition of Shares under Section 215 of the Companies Act and gives notice to the holders of the Options that it intends to exercise such rights on a specified date, the Options shall remain exercisable until that specified date or the expiry of the Option (whichever is earlier) and subject to the provisions of NOL Scheme relating to the exercise of the Options and termination of the Options. Any Option not so exercised by the specified exercise date shall lapse, provided that the rights of acquisition stated in the notice have been exercised.

4. NOL PERFORMANCE SHARE PLAN

Number of Performance Shares	Vesting Date
450,000	31 December 2004

The provisions of the Performance Share Plan ("**PSP**") provide, *inter alia*, that in the event of a takeover offer being made for NOL and such offer becoming or being declared unconditional, the committee appointed by the Board of Directors to administer the PSP (the "**Committee**") will consider, at its discretion whether or not to release any award of performance shares and if so, the number of Share to be vested. The Committee may also elect to satisfy the release of awards of performance shares in cash.

5. MATERIAL CHANGES IN FINANCIAL POSITION

There have been, to the knowledge of the Offeror, no material changes in the financial position or prospects of NOL since 26 December 2003, being the date of the last balance sheet laid before Shareholders in general meeting, save as disclosed in the announcement by NOL on 27 July 2004 of its results for the six months ended 25 June 2004.

6. REGISTERED OFFICE

The registered office of NOL is at 456 Alexandra Road #06-00, NOL Building, Singapore 119962.

DISCLOSURES

1. HOLDINGS OF SHARES

The table below sets out the number of Shares held by the Offeror and parties acting or deemed to be acting in concert with it as of the Latest Practicable Date:

Shareholder	Number of Shares	Type of Interest
Lentor Investments Pte. Ltd.	23,319,000	Direct
Temasek Holdings (Private) Limited	383,465,362	Direct
Startree Investments Pte. Ltd.	29,984,000	Direct

Save as disclosed above, neither the Offeror nor any parties acting or deemed to be acting in concert with it owns, controls or has agreed to acquire any Shares as of the Latest Practicable Date.

2. DEALINGS IN SHARES

The table below sets out the dealings in Shares for value by the Offeror and parties acting or deemed to be acting in concert with it during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Name of Party	Number of Shares Bought/(Sold)	Price per Share (\$)	Dealing Date
Startree Investments Pte. Ltd.	1,979,000	2.0277	16 February 2004
Startree Investments Pte. Ltd.	5,500,000	2.0397	3 March 2004
Startree Investments Pte. Ltd.	245,000	1.97	4 March 2004
Startree Investments Pte. Ltd.	769,000	1.98	4 March 2004
Startree Investments Pte. Ltd.	1,861,000	1.99	4 March 2004
Startree Investments Pte. Ltd.	3,787,000	2.00	4 March 2004
Startree Investments Pte. Ltd.	3,161,000	2.01	4 March 2004
Startree Investments Pte. Ltd.	1,488,000	2.02	4 March 2004
Startree Investments Pte. Ltd.	1,702,000	2.03	4 March 2004
Startree Investments Pte. Ltd.	1,987,000	2.04	4 March 2004
Lentor Investments Pte. Ltd.	13,331,000	2.50	3 August 2004
Lentor Investments Pte. Ltd.	379,000	2.56	3 August 2004
Lentor Investments Pte. Ltd.	1,190,000	2.57	3 August 2004
Lentor Investments Pte. Ltd.	1,523,000	2.58	3 August 2004
Lentor Investments Pte. Ltd.	778,000	2.62	3 August 2004
Lentor Investments Pte. Ltd.	1,900,000	2.65	3 August 2004
Lentor Investments Pte. Ltd.	1,196,000	2.68	3 August 2004
Lentor Investments Pte. Ltd.	3,022,000	2.88 ¹⁰	4 August 2004

¹⁰ Pursuant to the ruling obtained from the SIC on 4 August 2004, the Offeror was able to purchase Shares at a maximum of S\$2.88 per Share on that date as the Shares were trading cum-Interim Dividend on SGX-ST. Please refer to the announcement dated 4 August 2004, issued by Goldman Sachs, on behalf of the Offeror for further details.

Save as disclosed above, neither the Offeror nor any parties acting or deemed to be acting in concert with it have dealt for value in any Shares during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

3. OPTIONS

Name of Party	Number of Options held	Exercise Period	Exercise Price (S\$)
Gan Chee Yen	30,000	17 November 2004 – 18 November 2008	2.14

Save as disclosed above, neither the Offeror nor any parties acting or deemed to be acting in concert with it hold Options or have dealt in any Options during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

- 1.1 No Agreement having any Connection with or Dependence upon Offer.** There is no agreement, arrangement or understanding between (a) the Offeror or any persons acting or deemed to be acting in concert with the Offeror and (b) any of the current or recent directors of NOL or any of the current or recent Shareholders of NOL having any connection with or dependence upon the Offer.
- 1.2 Transfer of Offer Shares.** There is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related companies (within the meaning of Section 6 of the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.
- 1.3 No Payment or Benefit to Directors of NOL.** There is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of NOL or any of its related corporations (as defined in the Companies Act) as compensation for loss of office or otherwise in connection with the Offer.
- 1.4 No Agreement Conditional upon Outcome of Offer.** There is no agreement, arrangement or understanding between (a) the Offeror and (b) any of the directors of NOL in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer.
- 1.5 Transfer Restrictions.** The Memorandum and Articles of Association of NOL do not contain any restrictions on the right to transfer the Offer Shares.
- 1.6 Indemnity and Other Arrangements.** As at the Latest Practicable Date, neither the Offeror nor any party acting or deemed to be acting in concert with it has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, or whatever nature, relating to the Offer Shares which may be an inducement to deal or refrain from dealing in the Offer Shares.

2. GENERAL

- 2.1 Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of the Offer Document, the FAA and the FAT (other than professional fees and other costs incurred or to be incurred by NOL relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.
- 2.2 Consent.** Goldman Sachs (as financial adviser to the Offeror in connection with the Offer) has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its name and all references to its name in the form and context in which it appears in this Offer Document.

3. Market Quotations

3.1 Closing Prices. The following table sets out the closing prices of the Shares on SGX-ST (as reported by Bloomberg) on a monthly basis from February 2004 to August 2004 and on the Latest Practicable Date and the corresponding premia based on the Offer Price of S\$2.80:

Date	Closing Price (S\$)	Premium based on Offer Price of S\$2.80
13 August 2004 (the Latest Practicable Date)	2.86	-2.1%
3 August 2004 (the Offer Announcement Date)	2.70	3.7%
2 August 2004 (latest trading day prior to the Offer Announcement Date)	2.46	13.8%
30 July 2004	2.43	15.2%
30 June 2004	2.36	18.6%
31 May 2004	2.14	30.8%
30 April 2004	1.95	43.6%
31 March 2004	2.19	27.9%
27 February 2004	2.10	33.3%

3.2 Highest and Lowest Prices. The highest and lowest closing prices of Shares on SGX-ST (as reported by Bloomberg) during the period commencing six months prior to 3 August 2004 (the Offer Announcement Date) and ending on the Latest Practicable Date and the corresponding premia based on the Offer Price of S\$2.80 are as follows:

	Price (S\$)	Date	Premium based on Offer Price of S\$2.80
Highest closing price (ex-Interim Dividend basis)	2.88	11 August 2004	-2.8%
Highest closing price (cum-Interim Dividend basis)	2.95	6 August 2004	-5.1%
Lowest closing price	1.90	3 May 2004	47.4%

4. Documents for Inspection

Copies of the following documents may be inspected at BACS Pte Ltd, 63 Cantonment Road, Singapore 089758 during normal business hours for the period for which the Offer remains open for acceptance:

- (1) the Memorandum and Articles of Association of the Offeror; and
- (2) the letter of consent of Goldman Sachs referred to in Section 2.2 of this Appendix.

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LENTOR INVESTMENTS PTE. LTD.

(Regn No: 200406607N)

17 August 2004

60B Orchard Road
#06-18 Tower 2
The Atrium@Orchard
Singapore 238891
Tel: 6828 6828
Fax: 6821 1170

To: The Shareholders of Neptune Orient Lines Limited

Dear Shareholder

MANDATORY CONDITIONAL CASH OFFER FOR NEPTUNE ORIENT LINES LIMITED

Introduction

We are pleased to inform you that the offer document dated 17 August 2004 (the "**Offer Document**") is enclosed with this letter. The Offer Document contains our mandatory conditional cash offer (the "**Offer**") to acquire all the issued ordinary shares of S\$1.00 each ("**Shares**") in the share capital of Neptune Orient Lines Limited ("**NOL**") on the terms and conditions set out in the Offer Document.

In order to make a fully informed decision as to whether or not to accept the Offer, we encourage you to read, in their entirety, both the Offer Document and the circular to be issued by NOL in relation to the Offer. The NOL circular will contain the advice of the independent financial adviser of NOL as well as the recommendation of the independent directors of NOL on the Offer.

The offer price for each Share is S\$2.80 in cash ("Offer Price").

Rationale for the Offer

In the equity private placement conducted by NOL in November 2003, in which our parent company, Temasek Holdings (Private) Limited ("**Temasek**") as substantial shareholder was not entitled to participate, Temasek's shareholding was diluted to below 30 per cent. Temasek, through us and Startree Investments Pte. Ltd., has increased its investment in NOL to beyond 30 per cent., thereby requiring a mandatory offer to be made under the provisions of The Singapore Code on Take-overs and Mergers.

Financial Aspects of the Offer

You should note that as at the date of the announcement of the Offer on 3 August 2004 (the "**Offer Announcement Date**"), the Offer Price exceeded the highest closing price of the Shares in over ten years.

The Offer Price represents, *inter alia*:¹

- a premium of 7.2 per cent. over S\$2.61, the theoretical ex-dividend last transacted price of the Shares on 3 August 2004 (the Offer Announcement Date) and a premium of 18.0 per cent. over S\$2.37, the theoretical ex-dividend last transacted price of the Shares on 2 August 2004 (the day prior to the Offer Announcement Date);
- a premium of 19.5 per cent. over S\$2.34, the theoretical ex-dividend volume weighted average of the prices at which the Shares were transacted over the last one month up to and including the Offer Announcement Date;
- a premium of 35.1 per cent. over S\$2.07, the theoretical ex-dividend volume weighted average of the prices at which the Shares were transacted over the last six months up to and including the Offer Announcement Date;
- a discount of 2.1 per cent. under S\$2.86, the last transacted price of the Shares on 13 August 2004 (the "**Latest Practicable Date**");

¹ Please refer to Section 11.4 of the Offer Document for further details.

- a premium of 6.9 per cent. over S\$2.62, the volume weighted average of the prices at which the Shares were transacted over the last one month up to and including the Latest Practicable Date; and
- a premium of 28.3 per cent. over S\$2.18, the volume weighted average of the prices at which the Shares were transacted over the last six months up to and including the Latest Practicable Date.

Condition

The Offer is subject to us receiving valid acceptances in respect of such number of Shares, which will result in us and parties acting or deemed to be acting in concert with us, holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the issued share capital of NOL as at the close of the Offer.

Please refer to Section 3 "Condition of the Offer" on page 2 of the Offer Document for more details on the minimum acceptance condition.

How to Accept the Offer

Procedures on how to accept the Offer are set out in Appendix 2 of the Offer. The closing date of the Offer is **3.30 p.m. (Singapore time) on 15 September 2004 or such later date(s) as we may announce from time to time.**

Payment for the Shares

Payment for the Shares will be made within:

- 21 days after the Offer becomes or is declared unconditional in all respects; or
- 21 days after the receipt of valid acceptances of the Offer,

whichever is later.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

Yours faithfully

Margaret Lui-Chan Ann Soo
Director

Phua Kok Kim
Director

The issue of this letter has been approved by all the directors of Lentor Investments Pte. Ltd. ("Lentor") and Temasek (including those who may have delegated detailed supervision of this letter) who have taken all reasonable care to ensure that the facts stated and all opinions expressed in this letter are fair and accurate and that no material facts have been omitted from this letter, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources (including, without limitation, information in relation to the NOL Group), the sole responsibility of the directors of Lentor and Temasek has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this letter.

This letter should be read in conjunction with the full text of the Offer Document.

If you have any queries about the Offer, please call the hotline at 6889 2652 from 9 a.m. to 5 p.m. on Mondays to Fridays.